

# Women's Financial Inclusion: 5 Reasons Why it Matters for Mozambique

*Novella Maugeri discusses the obstacles to financial inclusion in Mozambique by looking at two main challenges: the low levels of financial literacy and the absence of interoperability.*

How do you get your money from the capital Maputo to your relatives in a faraway province in the North of Mozambique? While most would probably just think of a bank transfer, the answer you would get from an average Mozambican woman might be different. Ask Hilda for example, who sells fruit at the local market of Xipamanine, located 20 minutes by car from the centre of Maputo. Hilda is a micro-entrepreneur, owns her own informal business, and serves as breadwinner for her (extended) family. Since a big part of her family still lives in Manica province, almost 1,200 km north of Maputo, she regularly needs to send remittances to keep her kids in school and pay for bills.

"In the past, I would give the money to the driver of a minibus (a *chapa* in the local language) and simply pray it would get there! Now with M-Pesa, everything is so much easier and safer," she says.

Hilda is referring to an electronic wallet called M-Pesa, the leading mobile money service in Mozambique provided by Vodacom. After the pioneering example of M-Pesa in Kenya, mobile money services have spread rapidly across Africa and Asia, also thanks to international donors that have recognised these services' potential to reach the financially excluded. Beyond being a very useful tool to foster financial inclusion, various studies have shown that mobile money has also a lot of potential for women's economic empowerment. The reason is simple: it gives women the freedom to use funds autonomously and pay for relevant services – like food, rent, school fees, and bills – directly from their mobile phone and without husbands interfering.

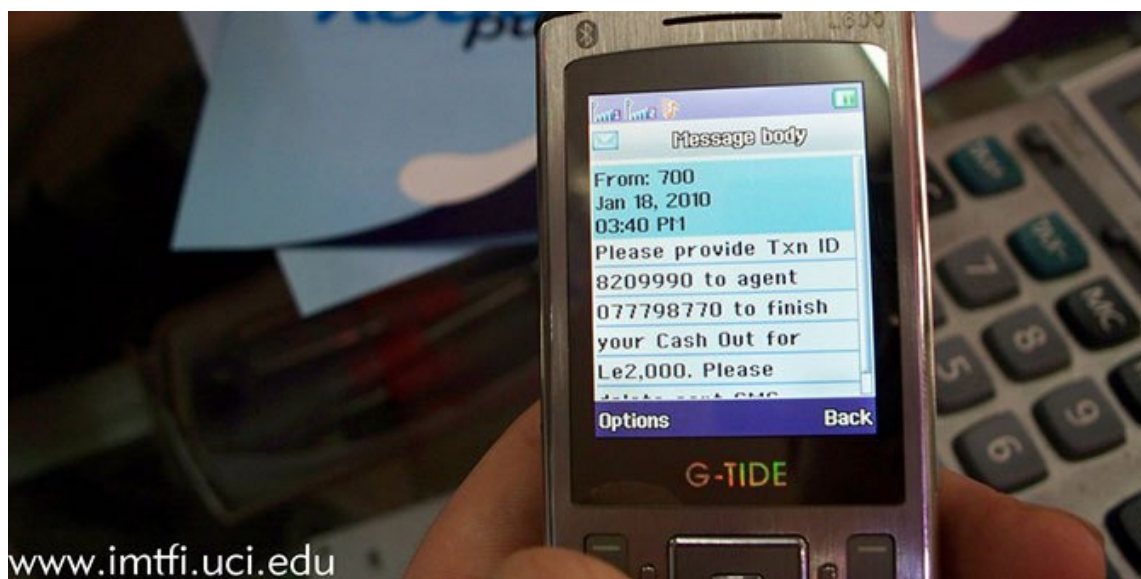


Photo Credit: Ben Lyon

Unfortunately, mobile money take-up is still quite low in Mozambique, especially when compared with other countries like Kenya and Tanzania. Partially this has to do with the fact that only 44% of the financially excluded own a mobile phone, while this percentage is substantially higher for those who already have access to a bank account (82%). It also has to do with low levels of financial literacy and the limited capacity of the network of mobile money agents, particularly in Central and Northern Mozambique. On top of that, Mozambique's three mobile money providers are neither interconnected between themselves, nor with the banking sector – the so-called *interoperability* issue – which reduces the potential network effects of subscribing to a mobile money wallet.

A recent [IGC workshop on](#) financial inclusion tackled two of the main [challenges](#) related to expanding access to financial services: the low levels of financial literacy and the absence of interoperability. The research presented and the subsequent discussion especially highlighted the importance of considering the gender dimension of the problem. Below are five key facts that have emerged.

### **1. Access to financial instruments is unequal**

In Mozambique, women still have far less access to formal financial instruments than men. Finscope (2014) data show that although the percentage of financially excluded women (69%) and men (64%) is only 5 points apart, the difference between banked men (24%) and women (16%) is substantial. On top of that, only 2.7% of women have access to financial instruments like mobile money, while 4.2% of men do. This means that the great majority of women tend to rely more on informal instruments like rotating saving groups or credit associations and on informal ways to send remittances – just like Hilda who used to send her money through the *chapadriver*.

### **2. Women have lower levels of financial literacy**

Finscope (2014) data say that Mozambican women's level of knowledge about financial products such as mobile money instruments and microcredit are in general lower than men's and that women tend to rely less on financial institutions to get financial advice. Moreover, they are less aware of the benefits of having a bank account and less likely to know or visit points of access to financial services. Finally, women in general cannot make their own financial decisions, unless they are financially independent.

### **3. Women are impaired on the education front**

An important reason for low levels of financial literacy in women and gender disparities in general can be traced back to unequal access to education. Although a high percentage of Mozambican girls enroll in primary school (94%), more than half drop out by the fifth grade, only 11% continue to study at the secondary level, and just 1% end up at university (USAID 2017). Moreover, one in two Mozambican girls gets married before age 18 (UNICEF 2014). Without tackling this huge gender disparity in education, the results of efforts to promote across-the-board financial inclusion will necessarily be constrained.

### **4. Business training and access to financial instruments make the difference for female micro entrepreneurs**

A recent study by Batista, Sequeira, and Vicente (2017) presented at the workshop, found that mobile money might have the potential to reduce gender differences in economic performance among micro-entrepreneurs. In the study, providing vendors in urban markets of Maputo like Hilda with a combination of access to a mobile money account and business training substantially improved their level of financial literacy and performance, and helped the female vendors reach almost the same levels of economic performance as their male colleagues. Access to mobile money also fostered savings for both male and female vendors. What emerged clearly from the presentation of the study and the subsequent discussion is that these positive results could not have been obtained without a significant investment in business training. In particular, what mattered for the success of financial literacy modules was making sure that the training language was appropriate to the target audience. This is corroborated by a recent study by FSD-Moç, showing that only the word "bank" is a relatively well-known term (46%) among unbanked Mozambicans, while other basic terms like "interest rate" or "ATM" are known by 19% of them or less. Illustrated manuals explaining basic business practices, and motivated trainers – able to explain complex ideas in simple ways in local languages – are some of the tools that proved useful.

### **5. Higher levels of financial literacy and financial inclusion for women would benefit society**

An African proverb says, "If you educate a man you educate an individual, but if you educate a woman you educate a nation". Discussions held at the recent Workshop on Financial inclusion confirmed how pertinent this proverb is to the Mozambican reality, even when talking about basic numeracy skills and financial literacy. Removing the barriers that exclude women from taking economic decisions, including those related to children's' health and education can indeed unfold cascading effects for overall poverty alleviation in Mozambique because the education of the next generation of Mozambicans depends strongly on the knowledge that mothers can transmit to their children. The question is how to unlock this potential with specific policy measures.

New pieces of IGC research on the [health](#) and [education](#) front in Mozambique will contribute towards this broad objective. Meanwhile, the Central Bank of Mozambique faces the challenge to turn people like Hilda into a role model for the majority of women who are still 'financially excluded'.

*This article is based on a recently-published [policy brief](#) by the IGC.*

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**The views expressed in this post are those of the author and in no way reflect those of the Africa at LSE blog, the Firoz Lalji Centre for Africa or the London School of Economics and Political Science.**

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